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L " L " P

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THOMAS J. MOORMAN
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ADMITTED TO PRACTICE ONLY IN THE DISTRICT OF COLUMBIA

WASHINGTON OFFICE
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5151 WISCONSIN AVENUE, N.W.
WASHINGTON, D.C. 20016-4124
TELEPHONE 202-944-9500
FAX 202-944-9501

PLEASE RESPOND TO WASHINGTON ADDRESS

June 28, 2016

REDACTED – FOR PUBLIC INSPECTION

VIA ECFS

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: WC Docket No. 14-58

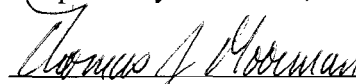
Submission of Redacted Version of FCC Form 481 and Updated Five Year Plan for Armstrong Telephone Company -- Maryland (Study Area Code 180216)

Dear Ms. Dortch:

Attached for electronic filing is a copy of the redacted public version of (1) the FCC Form 481 of Armstrong Telephone Company – Maryland (the “Company”) which contains the Company’s financial information of required by Section 54.313(f)(2) of the Commission’s Rules (which is filed in compliance with the Protective Order referenced below); and (2) the Company’s updated five-year plan required by Section 54.313 of the Commission’s Rules.

The Company’s FCC Form 481 has been electronically filed with the Universal Service Administrative Company. Consistent with the Commission’s Protective Order, WC Docket No. 10-90 *et al.*, DA 16-296, released March 22, 2016 and 47 C.F.R. § 0.459 of the Commission’s Rules, the Company, under separate letter, has submitted the confidential version of the Company’s FCC Form 481 which contains the Company’s financial information required by Section 54.313(f)(2) of the Commission’s Rules and the Company’s Annual Progress Report to its five-year plan.

Respectfully submitted,



Thomas J. Moorman

James A. Overcash

Counsel to Armstrong Telephone Company – Maryland

Attachment

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FAX 202-944-9501

PLEASE RESPOND TO WASHINGTON ADDRESS

**CONFIDENTIAL FINANCIAL INFORMATION – CONFIDENTIAL INFORMATION –
SUBJECT TO PROTECTIVE ORDER BEFORE THE FEDERAL COMMUNICATIONS
COMMISSION
AND**

**CONFIDENTIAL INFORMATION FILED PURSUANT TO SECTION 0.459 OF THE
COMMISSION'S RULES**

June 28, 2016

HAND DELIVERED

Ms. Marlene H. Dortch
Secretary
Federal Communications Commission
445 12th Street, SW
Washington, DC 20554

Re: WC Docket No. 14-58

Submission of Confidential Version of FCC Form 481
Armstrong Telephone Company – Maryland (Study Area Code 180216)

Dear Ms. Dortch:

Pursuant the requirements of the Commission's Protective Order, WC Docket No. 10-90 *et al.*, DA 16-296, released March 22, 2016 (the "Protective Order") and 47 C.F.R. § 0.459 of the Rules of the Federal Communications Commission (the "Commission" or the "FCC"), attached for filing is one copy of the confidential version of the FCC Form 481 of Armstrong Telephone Company – Maryland (the "Company") which contains the Company's financial information required by Section 54.313(f)(2) of the Commission's Rules (which is filed in compliance with the Protective Order) and the Company's Annual Progress Report to its five-year plan (the "Annual Progress Report")¹ required by the Commission (which is filed pursuant to the requirements of Section 0.459 of the Commission's Rules).

¹ The Company notes that this Annual Progress Report is required until certain rule changes by the Commission associated with reporting geocoded locations are approved by the Office of Management and Budget. See *In the Matter of Connect America Fund, et al., Report and Order*

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
June 28, 2016
Page 2

The Company's FCC Form 481 has been electronically filed with the Universal Service Administrative Company on June 28, 2016. Consistent with the Protective Order and Section 0.459, the Company is submitting separately the public version of the Company's FCC Form 481 which redacts the confidential information from the submission of the Company's Section 54.313(f)(2) financial information and the Company's Annual Progress Report.

Section 54.313(f)(2) Financial Information

In the Protective Order, the Commission established procedures for the submission of the financial information required by Section 54.313(f)(2) of the Commission's Rules. The Protective Order establishes the procedures under which such submission can be made. The Company respectfully submits that, in good faith, those procedural requirements (which include copies and specific page headers) have been followed. Thus, under the Protective Order, the Company respectfully requests that its Section 54.313(f)(2) information be kept confidential.

Sections 54.313(a)(1) Annual Progress Report

In addition to its submission of Section 54.313(f)(2) information for which it seeks confidential treatment, this letter also submits the Company's Annual Progress Report as part of its 2016 FCC Form 481 submission to its initial five year construction and service improvement plan submitted by the Company last year.²

Pursuant to 47 C.F.R. § 0.459 of the Commission's Rules, the Company, by Counsel, hereby requests that the identified portion of the Annual Progress Report as noted in sub-section (1), below, be withheld from public inspection. Specifically, the Company requests that information attached hereto and as required to be submitted in order to be fully responsive to the requirements found in 47 C.F.R. §§ 54.313(a)(1) be withheld from public inspection because that information contains trade secrets and commercial, financial, and technical data that is guarded from disclosure to competitors and the public in the normal and ordinary course of business.

The Commission requires certain Eligible Telecommunications Carriers ("ETCs") to file a five-year service quality improvement plan and Section 54.313(a)(1) then requires an ETC to provide progress reports regarding that plan over the course of the five years. The Annual Progress Report, includes a description of upgrades to the Company's network along with updated estimates regarding the Company's proposed major constructions projections as further

and Order on Reconsideration, and Further Notice of Proposed Rulemaking, WC Docket Nos. 10-90 *et al.*, FCC 16-33, released March 30, 2016 at paras. 215-216.

² Accompanying this letter is the Declaration of Shawn Beqaj, Vice President, Regulatory Policy & Interconnection for the Company certifying to the facts stated in this request.

Ms. Marlene H. Dortch, Secretary
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Page 3

described and noted in its Annual Progress Report, including for example, updated estimated capital expenditures for each project and, if applicable, updated time frames for those projects that were planned to be completed by the end of calendar year 2015, along with a map that provides a pictorial depiction of such deployment plans, and how much federal universal service funding was received.

The Company respectfully submits that its Annual Progress Report is competitively sensitive and is a "trade secret" which has been defined as "information which is used in one's business and which gives him an opportunity to obtain an advantage over competitors who do not know or use it." *See* Restatement of Torts §757 (1939). The Annual Progress Report represents its efforts to comply with the requirements of Section 54.313(a)(1) based on the Company's collective experience, thought, analysis, and planning along with the Company's opinion of market trends, conditions, technologies, and customer preferences arising out of, *inter alia*, the Company's existing operations within the rural areas it serves in Maryland. Just as would be the case for one of its competitors and that competitor's experience, the cumulative effect of this effort affords the Company "an advantage over competitors" that do not have access to the information.

Disclosure of the Company's Annual Progress Report would provide competitors with the views and insights of the Company and its business planning during the period covered by this submission and those anticipated network upgrades and capabilities that the Company believes, all things being equal, are necessary to meet its obligations under applicable Commission Rules, service commitments and efforts to retain customers. Improper public access to this Company information would enable existing and potential competitors to respond preemptively and unfairly by utilizing internal Company information that is guarded closely and not disclosed to third parties during the normal and ordinary course of business. Public access to the Company's Annual Progress Report, therefore, would enable competitors to tailor marketing and/or entry strategies in a manner that would not be possible but for the provision of the Annual Progress Report to the Commission. Thus, competitors would be able to target and/or modify their competitive service plans to take advantage of those locations where projects are not underway, or plan for competitive offerings in those areas where the Company's plans are known but for which the competitor had no plans previously.

Such results, in the Company's view, would be inconsistent with the competitive goals of the 1996 revisions to the Communications Act of 1934, as amended (the "Act"). In general, competition is the "effort of two or more parties, acting independently, to secure the business of a third party by the offer of the most favorable terms." *Black's Law Dictionary*, Sixth Ed. West Publishing Co., St. Paul, MN (1991). By contrast, utilization of trade secrets by a firm in order to gain market share would ignore a fundamental principle of competition, specifically, the pursuit of consumers by two or more parties "acting independently." Disclosure of the trade secrets contained in the Annual Progress Report would be inconsistent with the competitive objectives of the Act, as the disclosure would allow access to the Company's Annual Progress Report that would not otherwise be independently available to one of its competitors.

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Accordingly, pursuant to Section 0.459(b) of the Commission's Rules, the following is provided in support of this request:

(1) Identification of the specific information for which confidential treatment is sought.

The Company seeks confidential treatment of the specifics of the Annual Progress Report in its entirety.

(2) Identification of the Commission proceeding in which the information was submitted or a description of the circumstances giving rise to the submission.

The Annual Progress Report is submitted as a result of the requirements of Section 54.313(a)(1) of the Commission's Rules and Section 254 of the Act, as required by FCC Form 481. *See, e.g., In the Matter of Connect America Fund, et al., Report and Order and Further Notice of Proposed Rulemaking*, WC Docket No. 10-90 *et al.*, 26 FCC Rcd 17663 (2011), *aff'd* In Re: FCC 11-161, 753 F.3d 1015 (10th Cir. 2014); *see also* 47 C.F.R. §54.313.

(3) Explanation of the degree to which the information is commercial or financial, or contains a trade secret or is privileged.

The Annual Progress Report is commercial and financial information, and contains trade secrets in that it reveals the Company's planned timing of, expenditures associated with, and customer impacts arising from its forecasted expenditures for the identified projects. This information is highly confidential because it describes the Company's proposed plans for the network and current efforts with respect to certain of the network upgrades.

(4) Explanation of the degree to which the information concerns a service that is subject to competition.

The information concerns planning and the status of on-going networks deployments required for the provision for local exchange service and the provision of broadband internet access service, which are both competitive services. The geographic area in which the Company operates are also covered in part by other service providers including but not limited to various wireless service providers that compete with the services provided by the Company.

(5) Explanation of how disclosure of the information could result in substantial competitive harm.

In addition to those points raised in response to Subsection 1, above, disclosure of the Annual Progress Report could result in substantial competitive harm by revealing to competitors the nature and extent of the Company's business plans to continue to provide the quality of voice service and broadband internet access service over its network that has enabled the Company to

Ms. Marlene H. Dortch, Secretary
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retain its existing customer base, and the current status of planned network upgrades. This information, therefore, would enable competitors to unfairly discover the Company's existing proposed plans and current status with respect to those projects it has decided would be necessary to ensure continued high quality service throughout its service area and its requirements under applicable Commission Rules.

As explained and described above, the information submitted describes the Company's confidential business plans based on the available facts that the Company is aware of today. Thus, disclosure of the Annual Progress Report would provide existing and potential competitors of the Company keen insights into the Company's infrastructure plans based on existing circumstances. Those insights, in turn, would enable such competitor to craft or update its business plan to target those areas where it believes the growth of market share can occur vis-à-vis the Company's non-upgraded facilities or to target its own investment in those areas where, but for the Company's Annual Progress Report, the competitor would not have seen the need to invest to retain or gain market share.

Moreover, with respect to the Company's currently planned upgrades, competitors could gain insights into the Company's wherewithal for meeting those targeted network projects. In such a circumstance, the competitor would be able to "game" the market place by understanding where its competitor – the Company – believes network improvement dollars are best spent as well as the timing of such decision. Such results do not encourage fair competition nor support fair competition. Rather, such action would undermine competition by enabling competitors to acquire competitively sensitive information of the Company. That acquisition of information, in turn, would improperly assist that competitor's effort to gain customers not as a result of its own decision making and capabilities but as a result of access to commercially sensitive information from the Company that reflects the Company's decision making and capabilities.

(6) Identification of any measures taken by the submitting party to prevent unauthorized disclosure.

The Annual Progress Report submitted by the Company is generally protected to prevent unauthorized disclosure. Disclosure of this information is limited solely to internal corporate discussions and, where necessary, disclosure to vendors or others whose participation is necessary to plan or implement such projects (and such disclosure is made subject to a professional confidentiality obligation).

(7) Identification of whether the information is available to the public and the extent of any previous disclosure of the information to third parties.

The Annual Progress Report is not published, nor provided to the public, nor included in any publicly-available documents or materials of the Company. The information has not been disclosed to third parties unless such disclosure is subject to a professional confidentiality obligation.

Ms. Marlene H. Dortch, Secretary
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Page 6

(8) Justification of the period during which the submitting party asserts that material should not be available for public disclosure.

The Company submits that the Annual Progress Report should be treated as confidential on a permanent and on-going basis. The Annual Progress Report discloses and reveals the Company's strategy, and provides competitively sensitive information in that it reveals the Company's approach to and status of network upgrades and improvements. The information should be treated as confidential even after the five-year period described in the Annual Progress Report has passed since, to the extent exogenous events or changed business plans alter the schedules or outcome of the network upgrade plans described therein, those descriptions and plans may be wholly relevant and applicable in a successive time period.

(9) Any other information that the party seeking confidential treatment believes may be useful in assessing whether its request for confidentiality should be granted.

The requested treatment of this information as confidential and proprietary by the Commission is consistent with the Commission's policies in addressing other submissions that contained competitively sensitive information. For example, the Commission recognized in the *Local Competition and Broadband Reporting, Report and Order*, CC Docket No. 99-301, FCC 00-114 (rel. Mar. 30, 2000) that information submitted with Form 477 (Local Telephone Competition/Broadband Reporting) (the "Form") implicated concerns related to the disclosure of competitively sensitive data. The Form requires information regarding the type of technology used to deliver broadband services, including total connection to end-users, information transfer rates, and an estimate of the percentage of residential end-user premises in the provider's service area to which the provider's broadband connections could be provided using installed distribution facilities. The Commission requires the information because it "conclude[d] that the answers to these questions are necessary to describe and understand the state of competition for local telephone services and the deployment of broadband services in diverse areas of the nation." *Id.* at ¶62.

At the same time, however, the Commission also recognized "concern over the potential for competitive harm that release of the gathered data could cause." *Id.* at ¶88. While stating that it was not "making a prospective decision about whether these data elements would satisfy the Commission's standard for non-disclosure," the Commission also stated that it would "not . . . publish in our publicly available reports individual provider-filed data for the broadband (Part 1) portion of the Form, *even where providers do not seek non-disclosure of this data.*" *Id.* at ¶91 (emphasis added). In fact, rather than require carriers to submit a detailed and specialized request with the Form, the Commission offered filers a "check-box" on the Form in order to "mak[e] it easier for providers to request confidential treatment of their data." *Id.* at ¶90. This same approach – the checking of a box to assert confidentiality – is also available to filers of the financial information required by the submission of the FCC's FCC Form 499-A and FCC Form 499-Q. *See* 2016 FCC Form 499-A, line 605 and 2016 Telecommunications Reporting Worksheet Instructions (FCC Form 499-A), Form 499-A at 46; *see also* FCC Form 499-Q, line

Ms. Marlene H. Dortch, Secretary
Federal Communications Commission
June 28, 2016
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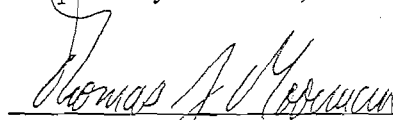
121 and Telecommunications Reporting Worksheet, FCC Form 499-Q (2016) Instructions for Completing the Quarterly Worksheet for Filing Contributions to Universal Service Support Mechanisms at 19.

The Company respectfully submits that similar concerns that the Commission has recognized previously regarding the competitively-sensitive nature of carrier data are applicable here; the data related to current and future plans of Company construction projects reflected in the Annual Progress Report is at least as, if not more, competitively-sensitive than the type submitted in other FCC forms. For example, unlike the Form 477 Information which describes current broadband capabilities and FCC Form 499-A regarding prior year revenues and FCC Form 499-Q regarding prior quarter and projected quarter revenues, the Annual Progress Report also reflects the Company's reasoned business decision making as to future actions and the status of them that it believes are necessary to ensure quality service over its network.

Relief Requested

Therefore, for all of the reasons stated herein, the Company respectfully requests that the Company's Section 54.313(f)(2) financial information be treated as confidential under the requirements of the Protective Order. The Company also respectfully requests that the Commission to recognize that the Annual Progress Report for which confidential treatment is requested, as described above, be withheld from public inspection. Pursuant to the requirements of the Protective Order and Section 0.459(a) of the Commission's Rules, the materials to which this request applies are submitted physically separated from any materials to which the request does not apply and are marked "REDACTED - FOR PUBLIC INSPECTION. Moreover, pages containing Section 54.313(f)(2) confidential information are marked "CONFIDENTIAL INFORMATION — SUBJECT TO PROTECTIVE ORDER BEFORE THE FEDERAL COMMUNICATIONS COMMISSION." Further, pages containing information regarding the Company's Annual Progress Report are marked "CONFIDENTIAL",

Respectfully submitted,



Thomas J. Moorman

James A. Overcash

Counsel for

Armstrong Telephone Company - Maryland

Attachment

cc: Shawn Beqaj

DECLARATION

I Shawn Beqaj, Vice President, Regulatory Policy & Interconnection for Armstrong Telephone Company – Maryland (the “Company”), do hereby declare under penalties of perjury that I have read the foregoing request for confidential treatment and the information contained therein regarding the Company is true and accurate to the best of my knowledge, information, and belief.


Shawn Beqaj
Vice President, Regulatory Policy & Interconnection

Date: June 28, 2016

FCC Form 481 - Carrier Annual Reporting
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMA Control No. 3060-0813
July 2013

<010>	Study Area Code	180216
<015>	Study Area Name	ARMSTRONG TEL OF MD
<020>	Program Year	2017
<030>	Contact Name: Person USAC should contact with questions about this data	Carrie Curtis
<035>	Contact Telephone Number: Number of the person identified in data line <030>	7242830925 ext.50380
<039>	Contact Email Address: Email of the person identified in data line <030>	ccurtis@agoc.com
	Form Type	54.313 and 54.422

(100) Service Quality Improvement Reporting Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

180216md112.pdf

<010>	Study Area Code	180216	
<015>	Study Area Name	ARMSTRONG TEL OF MD	
<020>	Program Year	2017	
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis	
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380	
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@aqoc.com	

<110> Has your company received its ETC certification from the FCC?
If your answer to Line <110> is yes, do you have an existing §54.202(a) "5 year plan" filed with the FCC?

(yes / no) ☒ (yes / no) ☐

<111> year plan" filed with the FCC?

(yes / no) ☐ (yes / no) ☐

If your answer to Line <111> is yes, please file a progress report, on line <112> delineating the status of your company's existing § 54.202(a) "5 year plan" on file with the FCC, as it relates to your provision of voice telephony service.

<112> Attach Five-Year Service Quality Improvement Plan or, in subsequent years, your annual progress report filed pursuant to 47 C.F.R. § 54.313(a)(1). If your company is a CETC which only receives frozen support, your progress report is only required to address voice telephony service.

Please select the appropriate responses below (Yes, No, Not Applicable) to confirm that the attached document(s), on line 112, contains a progress report on its five-year service quality improvement plan pursuant to §54.202(a). The information shall be submitted at the wire center level or census block as appropriate.

<113> Maps detailing progress towards meeting plan targets

<114> Report how much universal service (USF) support was received

<115> How much (USF) was used to improve service quality and how support was used to improve service quality

<116> How much (USF) was used to improve service coverage and how support was used to improve service coverage

<117> How much (USF) was used to improve service capacity and how support was used to improve service capacity

<118> Provide an explanation of network improvement targets not met in the prior calendar year.

Yes	
Yes	
Yes	
Yes	
Yes	
Not Applicable	

(200) Service Outage Reporting (Voice) Data Collection Form

<010>	Study Area Code -	180216
<015>	Study Area Name	ARMSTRONG TEL OF MD
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext.50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com

<210> For the prior calendar year, were there any reportable voice service outages?

[illegible]

(300) Unfulfilled Service Request Data Collection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013	
-----------------------------------------------------------	--	----------------------------------------------------------------------------------	--

<010>	Study Area Code	180216
<015>	Study Area Name	ARMSTRONG TEL OF MD
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com

<300> Unfulfilled service request (voice)	<div>0</div>
-------------------------------------------	--------------

<310> Detail on attempts (voice)	<div>Name of Attached Document</div>
----------------------------------	--------------------------------------

<320> Unfulfilled service request (broadband)	<div>0</div>
-----------------------------------------------	--------------

<330> Detail on attempts (broadband)	<div>Name of Attached Document</div>
--------------------------------------	--------------------------------------

(400) Number of Complaints per 1,000 customers Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
------------------------------------------------------------------------	----------------------------------------------------------------------------------

<010>	Study Area Code	180216
<015>	Study Area Name	ARMSTRONG TEL OF MD
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtie
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com
<400>	Select from the drop-down list to indicate how you would like to report voice complaints (zero or greater) for voice telephony service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed voice
<410>	Complaints per 1000 customers for fixed voice	0.0
<420>	Complaints per 1000 customers for mobile voice	
<430>	Select from the drop-down list to indicate how you would like to report end-user customer complaints (zero or greater) for broadband service in the prior calendar year for each service area in which you are designated an ETC for any facilities you own, operate, lease, or otherwise utilize.	Offered only fixed broadband
<440>	Complaints per 1000 customers for fixed broadband	0.0
<450>	Complaints per 1000 customers for mobile broadband	

(500) Compliance With Service Quality Standards and Consumer Protection Rules
Data Collection Form

FCC Form 481
OMB Control No. 3060-0586/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	180216
<015>	Study Area Name	ARMSTRONG TEL OF MD
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curcio
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242820935 ext. 50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com
<500>	Certify compliance with applicable service quality standards and consumer protection rules	Yes

180216md510.pdf

<510> Descriptive document for Service Quality Standards & Consumer Protection Rules Compliance

(600) Functionality in Emergency Situations Data Collection Form		FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
---------------------------------------------------------------------	--	----------------------------------------------------------------------------------

<010>	Study Area Code	180216
<015>	Study Area Name	ARMSTRONG TEL OF MD
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830929 ext.50300
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com
<600>	Certify compliance regarding ability to function in emergency situations	Yes
<610>	Descriptive document for Functionality in Emergency Situations	180216md610.pdf

FCC Form 481

OMB Control No.: 3060-0986/OMB Control No.: 3060-0819

July 2013

<010>	Study Area Code	180216
<015>	Study Area Name	ARMSTRONG TEL OF MD
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@goc.com
<701>	Residential Local Service Charge Effective Date	1/1/2016
<702>	Single State-wide Residential Local Service Charge	

[illegible]

<010>	Study Area Code	180216
<015>	Study Area Name	ARMSTRONG TEL OF MD
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com

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FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	180216
<015>	Study Area Name	ARMSTRONG TEL OF MD
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com
<810>	Reporting Carrier	Armstrong Tel of MD
<811>	Holding Company	Armstrong Holdings, Inc.
<812>	Operating Company	Armstrong Tel of MD

[illegible]

(900) Tribal Lands Reporting
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	180216
<015>	Study Area Name	ARMSTRONG TEL OF MD
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	courtis@agoc.com

<900> Does the filing entity offer tribal land services? (Y/N)

No

<910> Tribal Land(s) on which ETC Serves

<920> Tribal Government Engagement Obligation

Name of Attached Document

If your company serves Tribal lands, please select (Yes, No, NA) for each these boxes to confirm the status described on the attached document(s), on line 920, demonstrates coordination with the Tribal government pursuant to § 54.313(a)(9) includes:

Select Yes or No or Not Applicable

- <921> Needs assessment and deployment planning with a focus on Tribal community anchor institutions.
- <922> Feasibility and sustainability planning;
- <923> Marketing services in a culturally sensitive manner;
- <924> Compliance with Rights of way processes
- <925> Compliance with Land Use permitting requirements
- <926> Compliance with Facilities Siting rules
- <927> Compliance with Environmental Review processes
- <928> Compliance with Cultural Preservation review processes
- <929> Compliance with Tribal Business and Licensing requirements.

(1000) Voice and Broadband Service Rate Comparability

Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	180216
<015>	Study Area Name	ARMSTRONG TEL OF MD
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext.50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com

Yes

Voice services rate comparability certification

180216md1010.pdf

Attach detailed description for voice services rate comparability compliance

Name of Attached Document

Yes - Pricing is no more than the most recent applicable benchmark announced by the Wireline Competition Bureau

Broadband comparability certification

180216md1030.pdf

Attach detailed description for broadband comparability compliance

Name of Attached Document

(1100) No Terrestrial Backhaul Reporting
Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	180216
<015>	Study Area Name	ARMSTRONG TEL OF MD
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	724280925 ext.50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agcc.com

<1100> Certify whether terrestrial backhaul options exist (Y/N)

Yes

<1130> Please select the appropriate response (Yes, No, Not Applicable) to confirm the reporting carrier offers broadband service of at least 1 Mbps downstream and 256 kbps upstream within the supported area pursuant to § 54.313(g).

(1200) Terms and Condition for Lifeline Customers

Lifeline

Data Collection Form

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010> Study Area Code 180216
 <015> Study Area Name ARMSTRONG TEL OF MD
 <020> Program Year 2017
 <030> Contact Name - Person USAC should contact regarding this data Carrie Curtis
 <035> Contact Telephone Number - Number of person identified in data line <030> 7242830925 ext.50380
 <039> Contact Email Address - Email Address of person identified in data line <030> ccurtis@agoc.com

180216nd1210.pdf

<1210> Terms & Conditions of Voice Telephony Lifeline Plans

Name of Attached Document

<1220> Link to Public Website

HTTP www.agoc.com

"Please check these boxes below to confirm that the attached document(s), on line 1210, or the website listed, on line 1220, contains the required information pursuant to § 54.422(a)(2) annual reporting for ETCs receiving low-income support, carriers must annually report:

- <1221> Information describing the terms and conditions of any voice telephony service plans offered to Lifeline subscribers, ☒
- <1222> Details on the number of minutes provided as part of the plan, ☒
- <1223> Additional charges for toll calls, and rates for each such plan. ☒

(2000) Price Cap Carrier Additional Documentation
Data Collection Form
Including Rate-of-Return Carriers affiliated with Price Cap Local Exchange Carriers

FCC Form 481
OMB Control No. 3060-0986/OMB Control No. 3060-0819
July 2013

<010>	Study Area Code	180216
<015>	Study Area Name	ARMSTRONG TEL OF MD
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@goc.com

Select the appropriate responses below (Yes, No, Not Applicable) to note compliance as a recipient of incremental High Cost support, High Cost support to offset access charge reductions, and Connect America Phase II support as set forth in 47 CFR § 54.313(b),(c),(d),(e). The information reported on this form and in the documents attached below is accurate.

Incremental Connect America Phase I reporting

- <2010> 2nd Year Certification 47 CFR § 54.313(b)(1)(i) - Note that for the July 1 2016 certification, this applies to Round 2 recipients of Incremental Support
- <2011> 3rd Year Certification 47 CFR § 54.313(b)(1)(ii) - Note that for the July 1 2016 certification, this applies to Round 1 recipients of Incremental Support
- <2022> Recipient certifies, representing year two after filing a notice of acceptance of funding pursuant to 54.312(c), that the locations in question are not receiving support under the Broadband Initiatives Program or the Broadband Technology Opportunities Program for projects that will provide broadband with speeds of at least 4 Mbps/1Mbps - 54.313(b)(2)(i). Round 2 recipients only.
- <2023> The attachment on line 2024 includes a statement of the total amount of capital funding expended in the previous year in meeting Connect America Phase I deployment obligations, accompanied by a list of census blocks indicating where funding was spent. This covers year two - 54.313(b)(2)(ii). Round 2 recipients only.
- <2024A> Round 2 Recipient of Incremental Support?
- <2024B> Attach list of census blocks indicating where funding was spent in year two - 54.313(b)(2)(ii). Round 2 recipients only.
- <2025A> Round 1 or Round 2 Recipient of Incremental Support?
- <2025B> Attach geocoded Information for Phase I milestone reports (Round 1 for year three and Round 2 for year two) - Connect America Fund, WC Docket 10-90, Report and Order, FCC 13-
- <2015> 2016 and future Frozen Support Certification 47 CFR § 54.313(c)(4)

Name of Attached Document Listing
Required Information

Name of Attached Document Listing
Required Information

(2000) Price Cap Carrier Additional Documentation (Continued)	FCC Form 481
Data Collection Form	OMB Control No. 3060-0996/OMB Control No. 3060-0819
Including Rate-of-Return Carriers Affiliated with Price Cap Local Exchange Carriers	July 2013

Price Cap Carrier Connect America ICC Support {47 CFR § 54.313(d)}

<2016> Certification support used to build broadband

Connect America Phase II Reporting {47 CFR § 54.313(e)}

<2017A> Connect America Fund Phase II recipient?

<2017B> Attach information for Phase II - 54.313(e)(1) - list of geocoded locations already meeting the 54.309 public interest obligations at the end of calendar year 2015 and total amount of Phase II support, if any, the price

cap carrier used for capital expenditures in 2015.

<2018> Attach the number, names, and addresses of community anchor institutions to which the carrier newly began providing access to broadband service in the preceding calendar year - 54.313(e)(2)(ii)

<2019> Recipient certifies that it bid on category one telecommunications and Internet access services in response to all FCC Form 470 postings seeking broadband service that meets the connectivity targets for the schools and libraries universal service support program for eligible schools and libraries located within any area in a census block where the carrier is receiving Phase II model-based support, and that such bids were at rates reasonably comparable to rates charged to eligible schools and libraries in urban areas for comparable offerings - 54.313(e)(2)(v)

<2020> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 40% of its supported locations in the state on December 31, 2017 - 54.313(e)(3)

<2021> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 60% of its supported locations in the state on December 31, 2018 - 54.313(e)(4)

<2026> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 80% of its supported locations in the state on December 31, 2019 - 54.313(e)(5)

<2027> Recipient certifies that it offered broadband meeting the requisite public interest obligations specified in §54.309 to 100% of its supported locations in the state on December 31, 2020 - 54.313(e)(6)

Name of Attached Document Listing
Required Information

Name of Attached Document Listing
Required Information

(3005) Rate Of Return Carrier Additional Documentation
Data Collection Form

FCC Form 481
OMB Control No. 3060-0985/OMB Control No. 3060-0815
July 2013

<010> Study Area Code 180216
<015> Study Area Name ARMSTRONG TEL OF MD
<020> Program Year 2017
<030> Contact Name - Person USAC should contact regarding this data Carrie Curtis
<035> Contact Telephone Number - Number of person identified in data line <030> 7242830925 ext. 50380
<039> Contact Email Address - Email Address of person identified in data line <030> ccurtis@agoc.com

Complete the items below to note compliance with five year service quality plan (pursuant to 47 CFR § 54.202(a)) and, for privately held carriers, ensuring compliance with the financial reporting requirements set forth in 47 CFR § 54.313(f)(2). I further certify that the information reported on this form and in the documents attached below is accurate.

(3009) Progress Report on 5 Year Plan
Carrier certifies to 54.313(f)(1)(iii)

Yes - Attach Certification

(3010A) Milestone Certification {47 CFR § 54.313(f)(1)(i)}

(3010B) Please Provide Attachment

Name of Attached Document Listing Required
Information

180216md3010.pdf

(3012A) Community Anchor Institutions {47 CFR § 54.313(f)(1)(iii)}

No - No New Community Anchors

(3012B) Please Provide Attachment

Name of Attached Document Listing Required
Information

(3013) Is your company a Privately Held ROR Carrier {47 CFR § 54.313(f)(2)}

(Yes/No)

☒ ☐

(3014) If yes, does your company file the RUS annual report

(Yes/No)

☐ ☒

Please check these boxes to confirm that the attached PDF, on line 3017, contains the required information pursuant to § 54.313(f)(2) compliance requires:

(3015) Electronic copy of their annual RUS reports (Operating Report for Telecommunications Borrowers)

☐

(3016) Document(s) with Balance Sheet, Income Statement and Statement of Cash Flows

☐

(3017) If the response is yes on line 3014, attach your company's RUS annual report and all required documentation

Name of Attached Document Listing Required
Information

(3018) If the response is no on line 3014, is your company audited?

(Yes/No)

☒ ☐

If the response is yes on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:

(3019) Either a copy of their audited financial statement; or (2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers

☒

(3020) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

☒

(3021) Management letter and/or audit opinion issued by the independent certified public accountant that performed the company's financial audit.

☒

If the response is no on line 3018, please check the boxes below to confirm your submission on line 3026 pursuant to § 54.313(f)(2), contains:

(3022) Copy of their financial statement which has been subject to review by an independent certified public accountant; or 2) a financial report in a format comparable to RUS Operating Report for Telecommunications Borrowers

☐

(3023) Underlying information subjected to a review by an independent certified public accountant

☐

(3024) Underlying information subjected to an officer certification.

☐

(3025) Document(s) for Balance Sheet, Income Statement and Statement of Cash Flows

☐

(3026) Attach the worksheet listing required information

Name of Attached Document Listing Required
Information

180216md3026.pdf

(3005) Rate Of Return Carrier Additional Documentation [Continued]

Data Collection Form

FCC Form 481

OMB Control No. 3060-0986/OMB Control No. 3060-0819

July 2013

<010> Study Area Code	180216
<015> Study Area Name	ARMSTRONG TEL OF MD
<020> Program Year	2017
<030> Contact Name - Person USAC should contact regarding this data	Carrie Curtiss
<035> Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380
<039> Contact Email Address - Email Address of person identified in data line <030>	ccurtiss@gogo.com

Financial Data Summary	
(3027) Revenue	
(3028) Operating Expenses	
(3029) Net Income	
(3030) Telephone Plant In Service(TPIS)	
(3031) Total Assets	
(3032) Total Debl	
(3033) Total Equity	
(3034) Dividends	

(4005) Rural Broadband Experiment Additional Documentation Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
------------------------------------------------------------------------------------	----------------------------------------------------------------------------------

<010>	Study Area Code	180216
<015>	Study Area Name	ARMSTRONG TEL OF MD
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830525 ext.50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com

4005 Rural Broadband Experiment

Authorized Rural Broadband Experiment (RBE) recipients must address the certification for public interest obligations, provide a list of newly served community anchor institutions, and provide a list of locations where broadband has been deployed.

Public Interest Obligations – FCC 14-98 (paragraphs 26-29, 78)

Please address Line 4001 regarding compliance with the Commission's public interest obligations. All RBE participants must provide a response to Line 4001.

4001. Recipient certifies that it is offering broadband to the identified locations meeting the requisite public interest obligations consistent with the category for which they were selected, including broadband speed, latency, usage capacity, and rates that are reasonably comparable to rates for comparable offerings in urban areas?

Community Anchor Institutions – FCC 14-98 (paragraph 79)

4003a. RBE participants must provide the number, names, and addresses of community anchor institutions to which they newly deployed broadband service in the preceding calendar year. On this line, please respond (yes – attach new community anchors, no – no new anchors) to indicate whether this list will be provided.

If yes to 4003A, please provide a response for 4003B.

4003b. Provide the number, names and addresses of community anchor institutions to which the recipient newly began providing access to broadband service in the preceding calendar year.

Broadband Deployment Locations – FCC 14-98 (paragraph 80)

4004a. Attach a list of geocoded locations to which broadband has been deployed as of the June 1st immediately preceding the July 1st filing deadline for the FCC Form 481.

4004b. Attach evidence demonstrating that the recipient is meeting the relevant public service obligations for the identified locations. Materials must at least detail the pricing, offered broadband speed and data usage allowances available in the relevant geographic area.

Certification - Reporting Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
-----------------------------------------------------------	----------------------------------------------------------------------------------

<010> Study Area Code	180216
<015> Study Area Name	ARMSTRONG TEL OF MD
<020> Program Year	2017
<030> Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035> Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380
<039> Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF THE REPORTING CARRIER IS FILING ANNUAL REPORTING ON ITS OWN BEHALF:

Certification of Officer as to the Accuracy of the Data Reported for the Annual Reporting for CAF or LI Recipients	
I certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual reporting requirements for universal service support recipients; and, to the best of my knowledge, the information reported on this form and in any attachments is accurate.	
Name of Reporting Carrier:	ARMSTRONG TEL OF MD
Signature of Authorized Officer:	CERTIFIED ONLINE Date 06/28/2016
Printed name of Authorized Officer:	Mark Rankin
Title or position of Authorized Officer:	VP Financial Reporting
Telephone number of Authorized Officer:	7242830925 ext. 50243
Study Area Code of Reporting Carrier:	180216 Filing Due Date for this form: 07/01/2016
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Certification - Agent / Carrier Data Collection Form	FCC Form 481 OMB Control No. 3060-0986/OMB Control No. 3060-0819 July 2013
---------------------------------------------------------	----------------------------------------------------------------------------------

<010> Study Area Code	160216
<015> Study Area Name	ARMSTRONG TEL OF MD
<020> Program Year	2017
<030> Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035> Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380
<039> Contact Email Address - Email Address of person identified in data line <030>	ccurtis@agoc.com

TO BE COMPLETED BY THE REPORTING CARRIER, IF AN AGENT IS FILING ANNUAL REPORTS ON THE CARRIER'S BEHALF:

Certification of Officer to Authorize an Agent to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I certify that (Name of Agent) _____ is authorized to submit the information reported on behalf of the reporting carrier. I also certify that I am an officer of the reporting carrier; my responsibilities include ensuring the accuracy of the annual data reporting requirements provided to the authorized agent; and, to the best of my knowledge, the reports and data provided to the authorized agent is accurate.	
Name of Authorized Agent: _____	
Name of Reporting Carrier: _____	
Signature of Authorized Officer: _____	Date: _____
Printed name of Authorized Officer: _____	
Title or position of Authorized Officer: _____	
Telephone number of Authorized Officer: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

TO BE COMPLETED BY THE AUTHORIZED AGENT:

Certification of Agent Authorized to File Annual Reports for CAF or LI Recipients on Behalf of Reporting Carrier	
I, as agent for the reporting carrier, certify that I am authorized to submit the annual reports for universal service support recipients on behalf of the reporting carrier; I have provided the data reported herein based on data provided by the reporting carrier; and, to the best of my knowledge, the information reported herein is accurate.	
Name of Reporting Carrier: _____	
Name of Authorized Agent Firm: _____	
Signature of Authorized Agent or Employee of Agent: _____	Date: _____
Name of Authorized Agent Employee: _____	
Title or position of Authorized Agent or Employee of Agent: _____	
Telephone number of Authorized Agent or Employee of Agent: _____	
Study Area Code of Reporting Carrier: _____	Filing Due Date for this form: _____
Persons willfully making false statements on this form can be punished by fine or forfeiture under the Communications Act of 1934, 47 U.S.C. §§ 502, 503(b), or fine or imprisonment under Title 18 of the United States Code, 18 U.S.C. § 1001.	

Attachments

<010>	Study Area Code
-------	-----------------

Study Area Name
<015>

Program Year

<030>	Contact Name - Person USAC should contact regarding this data
-------	---------------------------------------------------------------

<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925	ext. 50380
-------	---------------------------------------------------------------------------	------------	------------

<039> Contact Email Address - Email Address of person identified in data line <030> ccurtis@agoc.com

<701> Residential Local Service Charge Effective Date

<702> Single State-wide Residential Local Service Charge

<703>

[illegible]

<010>	Study Area Code	180216
<015>	Study Area Name	ARMSTRONG TEL OF MD
<020>	Program Year	2017
<030>	Contact Name - Person USAC should contact regarding this data	Carrie Curtis
<035>	Contact Telephone Number - Number of person identified in data line <030>	7242830925 ext. 50380
<039>	Contact Email Address - Email Address of person identified in data line <030>	ccurtis@gagoc.com
<810>	Reporting Carrier	Armstrong Tel of MD
<811>	Holding Company	Armstrong Holdings, Inc.
<812>	Operating Company	Armstrong Tel of MD

[illegible]



ARMSTRONG
Telephone Company - Maryland

Progress Update— 47 C.F.R. §54.313(a)(1) Armstrong Telephone Company (Armstrong) submits its five year progress report for Service Quality Improvement pursuant to C.F.R. 54.313(a)(1) detailing its progress towards meeting its targets for improvement and upgrade to COMPANY network throughout its service area. The receipt of USF support, combined with other funding sources will allow COMPANY to continue to meet its broadband obligations within its service area, complete service request within a reasonable amount of time, provide reliable, state-of-the-art, high-quality voice and broadband service, to its rural customers in one exchange. The projects listed within this plan will be used to improve or upgrade the network over the next five years. In addition, this progress report provides sufficient data that details capital and operational expenditures, the amount of USF received allocated between capital and operational expenditures. All USF funds received and detailed within this progress report were used in accordance with federal rules and regulations towards improving service quality, service coverage, and service capacity.

Voice Network Upgrades : 2015

Project Description	Area Served/Wire center	Estimated Start Date	Estimated Completion Date	Estimated Population Served	Estimated Capital Costs	Progress Update
Total						

Broadband Network Upgrades : 2015

Project Description	Area Served/Wire center	Estimated Start Date	Estimated Completion Date	Estimated Population Served	Estimated Capital Costs	Progress Update
Total						



ARMSTRONG

Telephone Company - Maryland

REDACTED - FOR PUBLIC INSPECTION

Progress Update— 47 C.F.R. §54.313(a)(1)

Armstrong Telephone Company (Armstrong) submits its five year progress report for Service Quality Improvement pursuant to C.F.R. 54.313(a)(1) detailing its progress towards meeting its targets for improvement and upgrade to COMPANY network throughout its service area. The receipt of USF support, combined with other funding sources will allow COMPANY to continue to meet its broadband obligations within its service area, complete service request within a reasonable amount of time, provide reliable, state-of-the-art, high-quality voice and broadband service, to its rural customers in one exchange. The projects listed within this plan will be used to improve or upgrade the network over the next five years. In addition, this progress report provides sufficient data that details capital and operational expenditures, the amount of USF received allocated between capital and operational expenditures. All USF funds received and detailed within this progress report were used in accordance with federal rules and regulations towards improving service quality, service coverage, and service capacity.

The Company project that the capital expenditures, by Part 32 accounts for 2015 through 2019 related the above identified projects will be:

	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
2110 Land & General Support					
2210 Central Office Switching					
2230 Central Office Transmission					
2410 Cable & Wire Facilities					
Total Capital Expenditures					

The Company project that the operating expenditures, by Part 32 accounts for 2015 through 2019 related the above identified projects will be:

	CY 2015	CY 2016	CY 2017	CY 2018	CY 2019
Plant Specific					
Plant Nonspecific					
Depreciation					
Customer Operations					
Corporate Operations					
Total Operating Expenses					

USF YTD (1/15 - 12/15)	Amount
ICLS	
ICC	
CAF	
Total YTD	
USF BreakOut	
CapEx USF	
OpeEx USF	
Total	

REDACTED – FOR PUBLIC INSPECTION

MAP

Response Line 510
Armstrong Telephone Company - Maryland
Study Area 180216

§54.313(a)(5) – COMPLIANCE WITH SERVICE QUALITY STANDARDS AND CONSUMER PROTECTION

Voice Network

Pursuant to 47 C.F.R. § 54.313(a)(5) and or 47 C.F.R. § 54.422(b)(3) Armstrong Telephone Company – Maryland (“Armstrong”) is in compliance with appropriate FCC Service Quality Standards and Consumer Protection Rules. Armstrong provides CPNI training to all of its new employees and in addition trains all of its existing employees on an annual basis. Armstrong also conducts subscriber outreach regarding CPNI by placing CPNI explanation onto its website at www.agoc.com which informs subscribers about CPNI rules and other applicable customer rights and obligations. In addition Armstrong trains staff on Red Flag issues on an annual basis. All company employees are required to sign and acknowledge that they have completed CPNI and Red Flag training and understand obligations to adherence of applicable rules.

Armstrong also outlines its rates, terms, and conditions under which Armstrong offers service in its Local Exchange Tariff. The tariff explains customer rights and obligations, customer service, dispute resolution, deposits, billing and payment options, disconnection of service as well as cancellation of service options. Armstrong keeps its tariffs available for public inspection at its business offices.

Broadband Network

Pursuant to 47 C.F.R. § 54.313(a)(5) and or 47 C.F.R. § 54.422(b)(3) Armstrong is in compliance with applicable FCC Service Quality Standards and Consumer Protection Rules. Armstrong trains staff on applicable rules for broadband services issues on an annual basis. In addition Armstrong has placed on its website at www.agoc.com its network practices and policies regarding FCC’s Net Neutrality Rules.

Armstrong also outlines its rates, terms, and conditions under which Armstrong offers Broadband service in National Exchange Carrier Association, Inc. (“NECA”) Tariff #5 to Internet Service Providers (“ISPs” or an “ISP”). The Tariff explains customer rights and obligations, customer service, dispute resolution, deposits, billing and payment options, disconnection of service as well as cancellation of service options. Public inspection of NECA Tariff #5 can be found on NECA’s website. Retail DSL rates, terms, and conditions for retail services are provided by the ISP.

Response Line 610
Armstrong Telephone Company - Maryland
Study Area 180216

§54.313(a)(6) – ABILITY TO FUNCTION IN EMERGENCY SITUATIONS

Voice Network

Pursuant to 47 C.F.R. § 54.313(a)(6) and 47 C.F.R § 54.22(b)(4) as set forth in 47 C.F.R. § 54.202(a)(2) Armstrong Telephone Company - Maryland ("Armstrong") meets the requirements to remain functional in emergency situations and has the following capabilities: Back-up power is provided to Armstrong's central office by use of a generator and batteries that provide to provide emergency power. Armstrong has also sufficient spare cards for its fiber optic network to provide almost instantaneous replacement should there ever be a card failure in the core network. Armstrong also has proper staff in place to repair any fiber cuts in a timely manner. Armstrong has connectivity with neighboring telephone exchanges as well as the LATA tandem to provide diverse options to reroute traffic should an emergency arise. Armstrong has developed and trained its staff on network preparedness plans in case of emergency situations. Armstrong is prepared and capable of managing traffic spikes resulting from emergency situations and has sufficient switching capabilities to handle such situations.

Broadband Network

Pursuant to 47 C.F.R. § 54.313(a)(6) and 47 C.F.R § 54.22(b)(4) as set forth in 47 C.F.R. § 54.202(a)(2) Armstrong Telephone Company - Maryland ("Armstrong") meets the requirements to remain functional in emergency situations and has the following capabilities: Back-up power is provided to Armstrong central offices by use of a generator and batteries that provide it with 8 to 12 hours of emergency power that is also used to provide service to the broadband network. In addition, Armstrong field electronics have 8 to 12 hours of back-up power by use of generators and batteries. Armstrong has also sufficient spare cards for its fiber optic network to provide almost instantaneous replacement should there ever be a card failure in the core network. Armstrong also has proper staff in place to repair any fiber cuts in a timely manner. Armstrong has connectivity with neighboring telephone exchanges as well as the LATA tandem to provide diverse options to reroute traffic should an emergency arise. Armstrong has developed and trained its staff on network preparedness plans in case of emergency situations.

Response to Line 1010
Armstrong Telephone Company - Maryland
Study Area 180216

Voice Services Comparability Report

Pursuant to 47 C.F.R. § 54.313 (a) (10) Armstrong Telephone Company – Maryland (the “Company”) is in compliance with the requirement that voice services is no more than two standard deviations above the national average urban rate for voice service of \$41.07 as specified in Public Notice DA 16-362 issued on April 5, 2016. The Company’s current total local end-user rate¹ of \$6.00 (which includes a local fee of \$6.00, mandated state fees of 0.00 and mandatory extended area service charges of \$0.00) is not above the standard deviation as specified in the USF/ICC Transformation Order.²

¹ Local End User Rate as defined in USF/ICC Transformation Order 26 FCC Rcd at 17751, Para. 238

² USF/ICC Transformation Order, 26 FCC Rcd at 17694, Para. 84 (footnote included) “The standard deviation is a measure of dispersion. The sample standard deviation is the square root of the sample variance. The sample variance is calculated as the sum of the squared deviations of the individual observations in the sample of data from the sample average divided by the total number of observations in the sample minus one. In a normal distribution, about 68 percent of the observations lie within one standard deviation above and below the average and about 95 percent of the observations lie within two standard deviations above and below the average.”

Response to Line 1030
Armstrong Telephone Company - Maryland
Study Area 180216

§54.313(a)(11) – BROADBAND SERVICES COMPARABILITY REPORT

Pursuant to 47 C.F.R. § 54.313 (a) (11) Armstrong Telephone Company - Maryland charges a residential rate of \$44.95 for broadband providing 10 Mbps download, 1 Mbps upload, and an unlimited usage allowance. This rate is lower than \$75.20, which is the 2016 reasonable comparability benchmark for the same offering established by the Wireline Competition Bureau.¹

¹ *Wireline Competition Bureau Announces Results of 2016 Urban Rate Survey for Fixed Voice and Broadband Services and Posting of Survey Data and Explanatory Notes*, Public Notice, WC Docket No. 10-90, DA 16-362 (rel. April 6, 2016).

Armstrong Telephone Company-Maryland
(Corporate Name)

P.S.C. No. 3 Telephone

Section 3

Original Leaf No.

First Revised Leaf No. 2

Superseding Original Leaf No. 2

SECTION 3

LOCAL SERVICE RATES

LIFELINE SERVICE

A. GENERAL

Lifeline Service is an offering designed to help qualified customers pay for their Local Exchange Service. Such qualified customers are charged a reduced rate for their local telephone service.

B. REGULATIONS

1. Lifeline Service is available to qualified customers and is provided via a residence individual message rate dial tone line.
2. Lifeline Service is Local Exchange Service and, as such, is subject to the regulations governing Local Exchange Service in Section 3 of this tariff. Lifeline customers will receive a flat rate monthly discount as specified in C. of this Section 3.
3. In order to qualify for Lifeline Service, a customer must be certified in accordance with Federal Communications Commission rules found in CFR § 54.410(c) by the Maryland Department of Human Resources to the Telephone Company as receiving assistance under Title 5, subtitle 3 of the Human Services Article including (Temporary Cash Assistance (TCA), Supplemental Nutrition Assistance Program (SNAP), State Funded: Temporary Disability Assistance Program (TDAP), and Public Assistance to Adults (PAA)), Assistance from the Electric Universal Service Program, Assistance from the Maryland Energy Assistance Program, State-funded public assistance benefits, or Supplemental Security Income (SSI).
4. Lifeline Service will continue to be provided to a customer only so long as such customer is receiving benefits as specified in 3. preceding. The continuation of qualification for Lifeline Service must be recertified by the Maryland Department of Human Resources, every 12 months for customers receiving Supplemental Security Income benefits, and every six months for customers receiving other benefits specified in 3. preceding, following the establishment of the Lifeline Service. Without such recertification, the customer's Lifeline Service will be discontinued.
5. When the Telephone Company receives notice from the Maryland Department of Human Resources, or the customer, that the customer is no longer receiving benefits as specified in 3. preceding, the Telephone Company will then notify the customer that the Lifeline Service will be disconnected or changed to another class of residence service.

(C)

(C)

Armstrong Telephone Company-Maryland
(Corporate Name)

P.S.C. No. 3 Telephone
Section
Original Leaf No.
First Revised Leaf No. 3
Superseding Original Leaf No. 3

SECTION 3

LOCAL SERVICE RATES

LIFELINE SERVICE (CONT'D)

B. REGULATIONS (CONT'D)

6. A customer to Lifeline Service may not subscribe to any other Local Exchange Service on the same premises. In addition, a Lifeline customer may not subscribe to any additional telephone services including foreign central office, foreign exchange, and foreign zone services.
7. A subscriber may elect at the time of subscription to Lifeline Service to receive Toll Blocking Service as part of Lifeline Service. "Toll Blocking Service" is a service that allows a subscriber to elect not to allow the completion of outgoing toll calls from the subscriber's residence.
8. The Company may not collect a service deposit in order to initiate Lifeline Service. Lifeline Service will not be disconnected for non-payment of toll charges.
9. Lifeline Service provides a flat rate monthly Federal credit of \$9.25.
10. The Company shall apply the baseline payments received by the administrator of the federal Lifeline Service program to waive the qualifying customer's federal End-User Common Line Charge. The Company shall apply any additional federal support amount to the qualifying customer's basic local exchange service rate.
11. To be eligible for Lifeline Service, qualifying customers must subscribe to the residential Touch-Tone Service offering that is made available in the Company's service area as indicated on Leaf 1 in this Section and must pay all related charges associated with E-911 services and, when applicable, directory assistance and operator service charges.
12. Partial payments that are received from Lifeline Service customers shall first be applied to local service charges and then to any outstanding toll charges.

(C)
|
(C)

Armstrong Telephone Company-Maryland

P.S.C. No. 3 Telephone

(Corporate Name)___...

Section 3

Original Leaf No.

Second Revised Leaf No. 4

Superseding First Revised Leaf No. 4

SECTION 3

LOCAL SERVICE RATES

LIFELINE SERVICE (CONT'D)

B. REGULATIONS (CONT'D)

14. All aspects of the Lifeline Service program shall be subject to the interpretation of applicable Federal regulations and any directives which may from time to time be prescribed by the Universal Service Administrative Company. These rules are separate and apart from any rules prescribed as part of a state Universal Service program.

C. RATES

1. Lifeline Service Dial Tone Line,
credit per month ... \$9.25 (C)
(C)
(C)
2. For the installation of new Local Exchange Service as a Lifeline Service, effective April 1, 2012, the applicable Service Charges discount is eliminated.
3. For changes to a Lifeline Service for a qualified customer, the Service Charges specified in Section 6 of this Tariff do not apply. If a customer no longer qualifies for Lifeline Service, no Service Charges apply for changing to a Residence Local Exchange Service normally provided to the customer's premises as specified in Section 2 preceding.

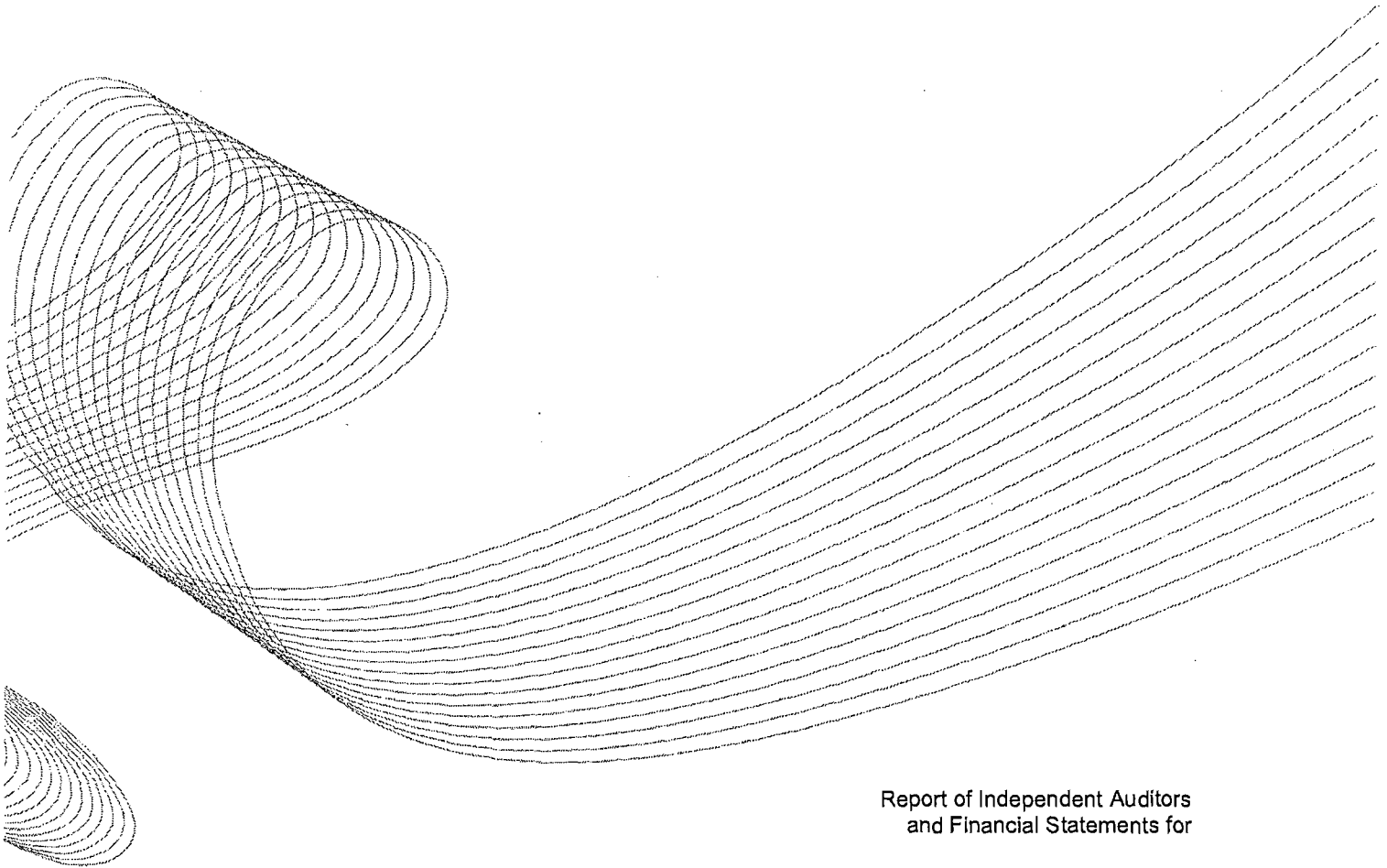
Issued June 30, 2012

Effective August 1, 2012

Response to Line3010
Armstrong Telephone Company – Maryland
Study Area 180216

Milestone Certification

Pursuant to 47 C.F.R. § 54.202(a) Armstrong Telephone Company – Maryland (the “Company”) provides this certification that it is taking reasonable steps to provide upon reasonable request broadband speeds of at least 10 Mbps downstream/1 Mbps upstream, with latency suitable for real-time applications, including Voice over Internet Protocol, and usage capacity that is reasonably comparable to offerings in urban areas as determined in an annual survey as specified in Public Notice DA 16-362, and that requests for such service are met within a reasonable amount of time. Details for how the Company is meeting its obligations for meeting its goals and required obligations are specified within the FCC Form 481 annual filing.



Report of Independent Auditors
and Financial Statements for

**Armstrong Telephone Company –
Maryland, Inc.**

September 30, 2015 and 2014

MOSS ADAMS_{LLP}

Certified Public Accountants | Business Consultants

Acumen. Agility. Answers.

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MOSS-ADAMS LLP
Certified Public Accountants | Business Consultants

REPORT OF INDEPENDENT AUDITORS

Board of Directors
Armstrong Telephone Company - Maryland, Inc.

Report on Financial Statements

We have audited the accompanying financial statements of Armstrong Telephone Company - Maryland, Inc., which comprise the balance sheets as of September 30, 2015 and 2014, and the related statements of operations, stockholder's deficit, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

REPORT OF INDEPENDENT AUDITORS
(continued)

We believe that the audit evidence obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Armstrong Telephone Company - Maryland, Inc. as of September 30, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Moss Adams LLP

Spokane, Washington
January 15, 2016

ARMSTRONG TELEPHONE COMPANY – MARYLAND, INC.
BALANCE SHEETS

ASSETS

	September 30,	
	2015	2014
CURRENT ASSETS		
Cash and cash equivalents	\$ [REDACTED]	\$ [REDACTED]
Subscriber accounts receivable, net of allowance of \$ [REDACTED] in 2015 and \$ [REDACTED] in 2014	[REDACTED]	[REDACTED]
Other accounts receivable, net of allowance of \$ [REDACTED] in 2015 and \$ [REDACTED] in 2014	[REDACTED]	[REDACTED]
Material and supplies	[REDACTED]	[REDACTED]
Income tax receivable, parent company	[REDACTED]	[REDACTED]
Other current assets	[REDACTED]	[REDACTED]
Total current assets	[REDACTED]	[REDACTED]
NONCURRENT ASSETS		
Other noncurrent assets	[REDACTED]	[REDACTED]
PROPERTY, PLANT, AND EQUIPMENT		
Telecommunications plant in service	[REDACTED]	[REDACTED]
Nonregulated plant in service	[REDACTED]	[REDACTED]
Telecommunications plant under construction	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
Less accumulated depreciation	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
	\$ [REDACTED]	\$ [REDACTED]

ARMSTRONG TELEPHONE COMPANY - MARYLAND, INC.
BALANCE SHEETS

LIABILITIES AND STOCKHOLDER'S DEFICIT

	September 30,	
	2015	2014
CURRENT LIABILITIES		
Accounts payable	\$ [REDACTED]	\$ [REDACTED]
Advance billing	[REDACTED]	[REDACTED]
Other accrued liabilities	[REDACTED]	[REDACTED]
	<u> </u>	<u> </u>
Total current liabilities	[REDACTED]	[REDACTED]
	<u> </u>	<u> </u>
LONG-TERM DEBT	[REDACTED]	[REDACTED]
	<u> </u>	<u> </u>
OTHER LIABILITIES AND DEFERRED CREDITS		
Deferred income taxes	[REDACTED]	[REDACTED]
	<u> </u>	<u> </u>
STOCKHOLDER'S DEFICIT		
Common stock (\$ [REDACTED] par value; [REDACTED] shares authorized, [REDACTED] shares issued and outstanding)	[REDACTED]	[REDACTED]
Retained deficit	[REDACTED]	[REDACTED]
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	<u> </u>	<u> </u>
	\$ [REDACTED]	\$ [REDACTED]

ARMSTRONG TELEPHONE COMPANY - MARYLAND, INC.
STATEMENTS OF OPERATIONS

	Years Ended September 30,	
	2015	2014
Operating revenues		
Wireline		
Customer	\$ [REDACTED]	\$ [REDACTED]
Intercarrier		
Interstate	[REDACTED]	[REDACTED]
Intrastate	[REDACTED]	[REDACTED]
Universal service support - federal	[REDACTED]	[REDACTED]
Internet	[REDACTED]	[REDACTED]
Miscellaneous		
Equipment	[REDACTED]	[REDACTED]
Carrier billing and collection	[REDACTED]	[REDACTED]
Other	[REDACTED]	[REDACTED]
Directory	[REDACTED]	[REDACTED]
Uncollectible	[REDACTED]	[REDACTED]
Total operating revenues	[REDACTED]	[REDACTED]
Operating expenses		
Plant specific operations	[REDACTED]	[REDACTED]
Plant nonspecific operations	[REDACTED]	[REDACTED]
Depreciation	[REDACTED]	[REDACTED]
Customer operations	[REDACTED]	[REDACTED]
Corporate operations	[REDACTED]	[REDACTED]
Other operating taxes	[REDACTED]	[REDACTED]
Nonregulated	[REDACTED]	[REDACTED]
Total operating expenses	[REDACTED]	[REDACTED]
Net operating loss	[REDACTED]	[REDACTED]
Nonoperating income (expense)		
Interest expense	[REDACTED]	[REDACTED]
Other nonoperating expense	[REDACTED]	[REDACTED]
Total nonoperating expense	[REDACTED]	[REDACTED]
Loss before income taxes	[REDACTED]	[REDACTED]
Income tax benefit	[REDACTED]	[REDACTED]
Net loss	\$ [REDACTED]	\$ [REDACTED]

ARMSTRONG TELEPHONE COMPANY – MARYLAND, INC.
STATEMENTS OF STOCKHOLDER'S DEFICIT

	<u>Common Stock</u>	<u>Retained Deficit</u>	<u>Total</u>
Balance, September 30, 2013	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Net loss	[REDACTED]	[REDACTED]	[REDACTED]
Balance, September 30, 2014	[REDACTED]	[REDACTED]	[REDACTED]
Net loss	[REDACTED]	[REDACTED]	[REDACTED]
Balance, September 30, 2015	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]

ARMSTRONG TELEPHONE COMPANY – MARYLAND, INC.
STATEMENTS OF CASH FLOWS

	Years Ended September 30,	
	2015	2014
CASH FLOWS FROM OPERATING ACTIVITIES		
Net loss	\$ [REDACTED]	\$ [REDACTED]
Adjustments to reconcile net loss to net cash from operating activities		
Depreciation	[REDACTED]	[REDACTED]
Deferred income taxes	[REDACTED]	[REDACTED]
Change in assets and liabilities		
Receivables	[REDACTED]	[REDACTED]
Material and supplies	[REDACTED]	[REDACTED]
Other assets	[REDACTED]	[REDACTED]
Accounts payable	[REDACTED]	[REDACTED]
Advance billing	[REDACTED]	[REDACTED]
Other accrued liabilities and taxes	[REDACTED]	[REDACTED]
Net cash from operating activities	[REDACTED]	[REDACTED]
CASH FLOWS FROM INVESTING ACTIVITIES		
Net acquisition of nonregulated plant	[REDACTED]	[REDACTED]
Net acquisition of property, plant, and equipment	[REDACTED]	[REDACTED]
Net cash from investing activities	[REDACTED]	[REDACTED]
CASH FLOWS FROM FINANCING ACTIVITIES		
Payments on related party note	[REDACTED]	[REDACTED]
Proceeds from related party note	[REDACTED]	[REDACTED]
Net cash from financing activities	[REDACTED]	[REDACTED]
NET CHANGE IN CASH AND CASH EQUIVALENTS	[REDACTED]	[REDACTED]
CASH AND CASH EQUIVALENTS at beginning of year	[REDACTED]	[REDACTED]
CASH AND CASH EQUIVALENTS at end of year	\$ [REDACTED]	\$ [REDACTED]
SUPPLEMENTAL DISCLOSURE OF CASH FLOWS INFORMATION		
Cash paid during the year for		
Interest	\$ [REDACTED]	\$ [REDACTED]

**ARMSTRONG TELEPHONE COMPANY - MARYLAND, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies

Description of entity – Armstrong Telephone Company – Maryland, Inc. (Company) is an incumbent local exchange carrier that provides telephone and other related telecommunications services, Internet, inside wire, and customer premise equipment in the state of Maryland. The Company is wholly-owned by Armstrong Holdings, Inc. (AHI).

Accounting policies – The financial statements of the Company have been prepared in conformity with accounting principles generally accepted in the United States of America applicable to regulated public utilities. Such accounting principles are consistent, in all material respects, with accounting prescribed by the Federal Communications Commission (FCC).

Accounting estimates – The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates include depreciation expense and interstate access revenues. Actual results could differ from those estimates.

Cash and cash equivalents – Cash and cash equivalents are defined as short-term, highly liquid investments that were purchased with an original maturity of three months or less and are readily convertible into cash. Cash equivalents are stated at cost and primarily consist of money market savings accounts.

Concentration of risk – The Company's cash is held by several banking institutions. At various times throughout the year, cash balances exceeded federally insured limits of \$ [REDACTED]

In 2015 and 2014, the Company received \$ [REDACTED] or [REDACTED]% and \$ [REDACTED] or [REDACTED]%, respectively, of its revenue from the Federal Universal Service Fund.

Accounts receivable – Accounts receivable are stated at the amount management expects to collect on outstanding balances. The Company reviews the collectibility of accounts receivable annually based upon an analysis of outstanding receivables, historical collection information, and existing economic conditions. Receivables from subscribers are due 30 days after issuance of the subscriber bill. Receivables from other exchange carriers are typically outstanding from 30 to 60 days before payment is received. Management provides for probable uncollectible amounts through a charge to earnings and a credit to a valuation allowance based on its assessment of the current status of individual accounts. Balances that are still outstanding after management has used reasonable collection efforts are written off through a charge to the valuation allowance and a credit to accounts receivable.

Material and supplies – Material and supplies are valued at the lower of cost or market determined by specific identification.

ARMSTRONG TELEPHONE COMPANY - MARYLAND, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (continued)

Property, plant, and equipment - Property, plant, and equipment are stated at original cost. Regulated plant includes assets that are jointly used for regulated and nonregulated activities. The cost of additions and substantial betterments of property, plant, and equipment is capitalized. The cost of maintenance and repairs is charged to operating expenses.

In accordance with composite group depreciation methodology, when a portion of Company's regulated depreciable property, plant, and equipment is retired in the ordinary course of business, the gross book value is charged to accumulated depreciation.

Depreciation of Company's nonregulated plant is provided by the straight-line method over the estimated useful lives of the assets. Upon retirement, sale, or other disposition of nonregulated investments, the cost and related accumulated depreciation are removed from the related accounts and the resulting gains or losses are included in operations.

Income taxes - The Company is a member of a group that files a consolidated federal tax return. Accordingly, income taxes payable to (refundable from) the tax authority are recognized on the financial statements of the parent company who is the taxpayer for federal income tax purposes. The members of the consolidated group allocate payments to any member of the group for the income tax reduction resulting from the member's inclusion in the consolidated return, or the member makes payments to the parent company for its allocated share of the federal consolidated income tax liability. This allocation approximates the amounts that would be reported if the Company were separately filing its tax returns. The result of these allocations is reported on the accompanying balance sheets under the caption "Income tax receivable, parent company". The parent company files consolidated tax returns with tax authorities based on a fiscal year ending September 30. The Company files a separate return for state tax purposes. Income taxes payable to (refundable from) the state are recognized on the Company's financial statements.

Deferred taxes are provided on a liability method whereby deferred tax assets are recognized for taxable temporary differences and net operating losses and deferred tax liabilities are recognized for deductible temporary differences. Temporary differences are the differences between the reported amounts of assets and liabilities and their tax bases. Deferred tax assets are reduced by a valuation allowance when, in the opinion of management, it is more likely than not that some portion or all of the deferred tax will not be realized. Deferred tax assets and liabilities are adjusted for the effects of changes in tax laws and rates on the date of enactment.

The Company records uncertain tax positions if the likelihood the position will be sustained upon examination is less than 50%. As of September 30, 2015 and 2014, the Company had no accrued amounts related to uncertain tax positions. Interest and penalties, if any, are recorded as interest expense and other expense, respectively. Tax years potentially open for examination include 2012 through 2014.

ARMSTRONG TELEPHONE COMPANY - MARYLAND, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (continued)

Revenue recognition – Monthly service fees derived from local wireline and Internet are billed one month in advance, but recognized in the month that service is provided.

Usage sensitive revenues such as access (revenues earned for originating/terminating long distance calls) and long distance are generally billed as a per-minute charge. Although these revenues are billed in arrears, an estimate of unbilled revenues is accrued in the month service is provided.

Interstate access revenues are included in settlements based on the Company's participation in the revenue pools administered by the National Exchange Carrier Association (NECA). Settlement revenues are determined by annually prepared separations and interstate access cost studies. These studies are prepared subsequent to year end and, therefore, the related revenues are recorded on the books based on an estimate of NECA pool earnings and on other assumptions related to information utilized in the preparation of the Company's cost study. The studies are subject to a 24-month pool earnings adjustment period and a review of the study by NECA. There was an insignificant revenue impact on 2015 and 2014 for adjustments related to prior year differences between the recorded estimates and actual revenues. Furthermore, management does not anticipate that 2015 and 2014 recorded revenues will require significant adjustments in future years.

Access revenues are classified in wireline revenues above as follows:

- Customer revenues include end user charges such as the Subscriber Line Charge (SLC), the Federal Universal Service Charge (FUSC), Access Recovery Charge (ARC), and special access billed to end users.
- Universal Service Support includes the amounts received from the Universal Service Fund for High Cost Loop Support (HCLS), Interstate Common Line Support (ICLS), and Connect America Fund support (CAF).
- All access charge and settlement revenue except as described above is classified as intercarrier revenue.

Internet revenues are derived from the provision of customer access to the public Internet, excluding revenues attributable to DSL transport (line costs between the customer and the Company's equipment that routes Internet traffic). Interstate access revenues include settlements from NECA that compensate the Company for the DSL transport related to the provision of Internet services.

Wireline universal service support revenue is intended to compensate the Company for the high cost of providing rural telecommunications service. Universal service support revenue includes funds received for HCLS, ICLS, CAF, and other miscellaneous programs. HCLS and ICLS are based on the Company's relative level of operating expense and plant investment. Support from the CAF is based on a historical frozen amount related to 2011 investment and expenses associated with the switching function and certain 2011 intrastate access revenues, which together make up the CAF base. The CAF base will be reduced by 1% each year in determining CAF support.

ARMSTRONG TELEPHONE COMPANY - MARYLAND, INC.
NOTES TO FINANCIAL STATEMENTS

Note 1 - Summary of Significant Accounting Policies (continued)

Regulation – The Company's services are subject to rate regulation as follows:

- Local telephone and intrastate access revenues are regulated by the state regulatory commission. The FCC also has assumed preemptive authority to regulate intrastate telecommunications services, including intrastate access rates.
- Interstate access revenues are regulated by the FCC through its regulation of rates and settlements procedures as administered by NECA.
- Universal Service revenues are administered by Universal Service Administrative Company (USAC), based on rules established by the FCC.

Other sources of revenues are not rate regulated, and include long distance, equipment sales, Internet, billing and collection, and other incidental services.

Nonregulated expenses and nonregulated plant are directly attributable to the following nonregulated services: Internet and miscellaneous revenues.

All other operating expenses and telecommunications plants are related primarily to wireline revenues. However, some of these costs jointly relate to regulated and nonregulated services. For interstate access settlements, universal service support, rate case, and other regulatory purposes, the portion of these common costs related to nonregulated activities are removed in accordance with Part 64 of the FCC rules in order to ensure regulated revenues are based on costs of providing regulated services.

Advertising expenses – The Company expenses advertising costs as incurred. Advertising expenses during the years ended September 30, 2015 and 2014, were \$[REDACTED] and \$[REDACTED] respectively.

Allowance for funds used during construction (AFUDC) – The Company records as income and capitalizes as a cost of construction the cost of financing large construction projects spanning a period greater than two months. The Company uses a weighted-average interest rate based on total Company long-term debt. No amounts were capitalized at September 30, 2015 or 2014.

Subsequent events – Subsequent events are events or transactions that occur after the balance sheet date but before the financial statements are available to be issued. The Company recognizes in the financial statements the effects of all subsequent events that provide additional evidence about conditions that existed at the date of the balance sheet, including the estimates inherent in the process of preparing financial statements. The Company's financial statements do not recognize subsequent events that provide evidence about conditions that did not exist at the date of the balance sheet but arose after the balance sheet date and before the financial statements are available to be issued.

The Company has evaluated subsequent events through January 15, 2016, which is the date the financial statements are available to be issued.

**ARMSTRONG TELEPHONE COMPANY - MARYLAND, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 1 - Summary of Significant Accounting Policies (continued)

Reclassifications - For comparability, certain of the 2014 figures have been reclassified in order to conform to the 2015 presentation. These reclassifications had no effect on net loss or stockholder's deficit as previously reported.

Note 2 - Other Noncurrent Assets

Other noncurrent assets consist of land and buildings, net of accumulated depreciation, that are not related to telecommunications operations. The balance of these noncurrent assets was \$ [REDACTED] and \$ [REDACTED] as of September 30, 2015 and 2014, respectively.

Note 3 - Property, Plant, and Equipment

Telecommunications plant balances, together with accumulated depreciation balances, consist of the following at September 30:

	Depreciation Rate	Plant Account	Accumulated Depreciation	2015 Net Balance	2014 Net Balance
Regulated					
General support assets	5 - 20 years	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]	\$ [REDACTED]
Central office assets	8 - 12 years	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Cable and wire facilities	10 - 30 years	[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Plant under construction	n/a	[REDACTED]	-	[REDACTED]	[REDACTED]
		[REDACTED]	[REDACTED]	[REDACTED]	[REDACTED]
Nonregulated					
Internet	5 years	[REDACTED]	[REDACTED]	-	-
CPE	5 years	[REDACTED]	[REDACTED]	-	-
Other	5 years	[REDACTED]	[REDACTED]	-	-
		[REDACTED]	[REDACTED]	-	-
		<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>

ARMSTRONG TELEPHONE COMPANY - MARYLAND, INC.
NOTES TO FINANCIAL STATEMENTS

Note 4 – Related Party Note Payable

Long-term debt consists of the following cumulative draws on the AHI related party note payable as of September 30:

	Interest Rates (Fixed)	Maturity Dates	2015	2014
Armstrong Holdings, Inc.	■■■■%■■■■%	2017-2018	\$ ■■■■	\$ ■■■■
Less current portion			-	-
			\$ ■■■■	\$ ■■■■

Maturities of long-term debt obligations for the five years following September 30, 2015, are as follows:

2016	\$ -
2017	■■■■
2018	■■■■
2019	-
2020	-
Thereafter	-
	\$ ■■■■

All assets of the Company are pledged as security for the long-term debt. Interest on debt was \$■■■■ and \$■■■■ for the years ended September 30, 2015 and 2014, respectively.

**ARMSTRONG TELEPHONE COMPANY - MARYLAND, INC.
NOTES TO FINANCIAL STATEMENTS**

Note 5 - Income Taxes

The components of the provision for income tax benefit are as follows:

	Years Ended September 30,	
	2015	2014
Current		
Federal	\$ [REDACTED]	\$ [REDACTED]
Deferred		
Federal	[REDACTED]	[REDACTED]
State	[REDACTED]	[REDACTED]
Prior year underaccrual	-	[REDACTED]
	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>

The provision for income taxes differs from the amount computed by applying the current statutory federal income tax rate to earnings before taxes due to the effects of state taxes (net of federal benefit), nondeductible items, nontaxable items, and prior year over or under accruals.

The components of the net deferred tax (asset) liability recorded in the accompanying balance sheets are:

	September 30,	
	2015	2014
Deferred tax assets		
Allowance for doubtful accounts	\$ [REDACTED]	\$ [REDACTED]
NOL and tax credit carryforwards	[REDACTED]	[REDACTED]
	[REDACTED]	[REDACTED]
Less valuation allowance	[REDACTED]	[REDACTED]
Total deferred tax assets	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Deferred tax liabilities		
Tax depreciation greater than book	[REDACTED]	[REDACTED]
Accrued employee benefits	[REDACTED]	[REDACTED]
Other	[REDACTED]	[REDACTED]
Total deferred tax liabilities	<u>[REDACTED]</u>	<u>[REDACTED]</u>
Net deferred tax liabilities	<u>\$ [REDACTED]</u>	<u>\$ [REDACTED]</u>

ARMSTRONG TELEPHONE COMPANY - MARYLAND, INC.
NOTES TO FINANCIAL STATEMENTS

Note 5 – Income Taxes (continued)

The Company has an income tax receivable of \$[REDACTED] and \$[REDACTED] as of September 30, 2015 and 2014, respectively.

The Company has a state net operating loss carryforward of approximately \$[REDACTED] as of September 30, 2015, for which the Company has recorded a deferred tax asset of \$[REDACTED]. The Company has recognized a valuation allowance for this deferred tax asset at September 30, 2015, of \$[REDACTED] an increase of \$[REDACTED] from the prior year. The carryforward begins to expire in 2029.

Note 6 – Pension Plan

Armstrong Utilities, Inc. (AUI), an affiliate, has a noncontributory defined contribution retirement plan (Plan), which covers certain affiliates and substantially all employees of the Company. AUI and certain affiliates, including the Company, contribute 6% of the annual base earnings of all participants to the Plan. Pension costs for the Company for the years ended September 30, 2015 and 2014, were \$[REDACTED] and \$[REDACTED] respectively.

Note 7 – Related Party Transactions

The Company is an affiliate of The Armstrong Group of Companies and participated in various related party transactions listed below.

The Company received data processing and other support services from Judco Management, Inc. (Judco) in the amounts of \$[REDACTED] and \$[REDACTED] for the years ended September 30, 2015 and 2014, respectively. The Company also paid Judco \$[REDACTED] and \$[REDACTED] for office rents for the years ended September 30, 2015 and 2014, respectively. The Company also paid Judco \$[REDACTED] for use of the corporate airplane for both years ended September 30, 2015 and 2014.

The Company received engineering and network support services from AUI in the amounts of \$[REDACTED] and \$[REDACTED] for the years ended September 30, 2015 and 2014, respectively. Additionally, the Company paid AUI \$[REDACTED] and \$[REDACTED] for marketing and operations support services for the years ended September 30, 2015 and 2014, respectively.

The Company received management and other administrative services from Judco in the amounts of \$[REDACTED] and \$[REDACTED] for the years ended September 30, 2015 and 2014, respectively.

As of September 30, 2015 and 2014, included in other accounts receivable, the Company had accounts receivable from affiliates of \$[REDACTED] and \$[REDACTED] respectively, and included in accounts payable, the Company had accounts payable to affiliates of \$[REDACTED] and \$[REDACTED] respectively.